T-P

'Favors' by Solon Bared

SBA Loan to Smathers' Friend Involved

By DONALD M. ROTHBERG

WASHINGTON (AP)—Former Sen. George Smathers urged the Small Business Administration to grant a now-controversial loan to his close friend, Miami entrepreneur Charles G. "Bebe" Rebozo, in 1962, records disclosed Monday.

Rebozo, whose friends also include President Nixon, obtained the $80,000 loan despite negative recommendations from several agency staff members.

At that time, Smathers was a top-ranking Democrat on the Senate Select Committee on Small Business, which handles legislation affecting the SBA. The Florida Democrat retired from the Senate in 1968.

Rep. Wright Patman, D-Tex., called Monday for the SBA to demand immediate repayment of the loan. In a House speech, Patman said Rebozo had received special favors from the SBA.

LETTER SENT

Records made available to The Associated Press showed that before the agency received Rebozo's loan application, it got a letter from Smathers.

Written on Small Business Committee stationery, the letter concluded, "I would appreciate your doing whatever you can to be of assistance to Mr. Rebozo."

It was addressed to James D. Carpenter then manager of the Miami office of the SBA.

Monroe Abstract and Title Co. of Miami, owned by Rebozo, sought SBA participation in a $100,00 loan from the Merchants Bank of Miami.

Patman, chairman of the House Banking Committee told the House that SBA loan officers recommended rejection of the application. According to Patman, a letter was written turning down the application but was never sent.

Instead, Rebozo went to Washington to confer with Logan Hendricks, director of the SBA office of loan procurement. In a memorandum telling of the meeting, Hendricks noted that the appointment had been set up by Smathers.

Hendricks said Rebozo was "very optimistic as to the earning potential, believing that a $100,000 loan can be paid in full in five years." He then told how he agreed to consider an application for an $80,000 loan.

SIX YEARS SET

That application was approved with Rebozo to pay back the money in six years. He since received two extensions of two years each, pushing the repayment period to the legal maximum of 10 years.

In the course of the negotiations, SBA officials three times wrote Smathers to advise him of how things were progressing. "You may be sure the application will be given every proper consideration and we thank you for your continued interest in the SBAN" said one letter to Smathers.

Smathers' Washington law office said the former senator was unavailable for comment.

Last February, the Associated Press disclosed that another Rebozo friend, Thomas A. Butler, head of the Miami SBA office, had chosen Rebozo to be developer of a shopping center for Cuban refugee businessmen. The project was backed by a $2.4 million SBA guarantee of full repayment of rent on all available space.